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TOWN OF BLUE MOUNTAIN

FINANCIAL REPORT

BLUE MOUNTAIN, MISSISSIPPI

YEAR ENDED SEPTEMBER 30, 2004

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CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	3,4,5
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT	6
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)-CASH BASIS	7,8
SCHEDULE OF LONG-TERM DEBT	9
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS	10
SCHEDULE OF INVESTMENTS (ALL FUNDS)-CASH BASIS	11

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INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Blue Mountain
Blue Mountain, MS 38610

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Blue Mountain, Mississippi, solely to assist the Office of the State Auditor to evaluate the Town of Blue Mountain's compliance with certain laws and regulations as of September 30, 2004, and for the year then ended. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- A. We reconciled cash on deposit with the following bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance per</u> <u>General Ledger</u>
The Peoples Bank	General	\$ 244,642
	Water & Sewer	100,186

- B. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

The Town of Blue Mountain owned no securities held for investment at September 30, 2004.

- C. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

1. Verified use of certified county assessment rolls and traced levies to governing body minutes;
2. Examined uncollected taxes for proper handling, including tax sales;
3. Traced distribution of taxes collected to proper funds; and

4. Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Ad valorem tax collections for retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

- D. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Funds</u>	<u>General Ledger Amount</u>
Sales Tax Allocation	General	\$ 69,983
Fire Protection Allocation	General	2,863
Gasoline Tax	General	1,884
Homestead Exemption	General	4,751
TVA in Lieu of Taxes	General	3,802
Municipal Aid	General	349
Homeland Security Grant	General	6,800
Police Grant	General	2,515
Grant Income	General	15,000
FEMA/MEMA Reimbursements	General	11,702
CDBG	Water	74,366

- E. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49 and 31-7-57, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

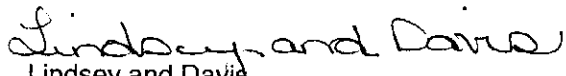
Number of sample items	39
Dollar value of sample	\$ 53,724

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

- F. We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of non compliance with state requirements.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Office of the State Auditor, State of Mississippi, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


Lindsey and Davis

Certified Public Accountants

Ripley, Mississippi
November 5, 2004

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen
Town of Blue Mountain
Blue Mountain, MS 38610

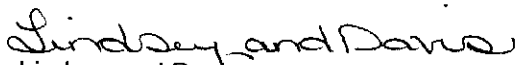
We have compiled the accompanying statement of cash receipts and disbursements (all funds)-cash basis of the Town of Blue Mountain, Mississippi, for the year ended September 30, 2004, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements (all funds)-cash basis and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements (all funds)-cash basis is not intended to present results of operations, in conformity with accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 9, 10 and 11 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Blue Mountain, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.


Lindsey and Davis
Certified Public Accountants

Ripley, Mississippi
November 5, 2004

TOWN OF BLUE MOUNTAIN
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2004

	GOVERNMENTAL FUNDS GENERAL	PROPRIETARY FUNDS ENTERPRISE	TOTALS (MEMORANDUM ONLY) 2004 2003	
REVENUE RECEIPTS				
General Property Taxes	\$ 33,431	\$	\$ 33,431	\$ 33,970
Prior Year Taxes	437		437	338
Penalties and Interest on Delinquent Taxes	658		658	709
Special Tax - Street Improvements	33,431		33,431	33,970
Privilege Taxes	889		889	830
Intergovernmental Revenues:				
State Shared Revenue:				
Sales Tax	69,983		69,983	60,170
Gasoline Tax	1,884		1,884	1,896
Fire Protection	2,863		2,863	3,028
Homestead Exemption	4,751		4,751	4,291
TVA in Lieu of Taxes	3,802		3,802	3,384
General Municipal Aid	349		349	349
County Shared Revenue:				
Road Taxes	9,954		9,954	10,922
Fire Protection	11,500		11,500	11,500
Charges for Services:				
Water Utilities		181,667	181,667	189,918
Sanitation Collection Fees		35,593	35,593	30,276
TVRHA in Lieu of Tax	3,560		3,560	2,232
Rail Car Tax	1,105		1,105	
Fines	14,721		14,721	11,531
Interest	5,083	1,601	6,684	6,347
Gross Receipts Tax	1,813		1,813	1,782
Sale of Cemetery Lots	600		600	450
Miscellaneous	7,791	3,866	11,657	7,123
TOTAL REVENUE RECEIPTS	208,605	222,727	431,332	415,016
OTHER RECEIPTS				
Grant Income (CDBG)		74,366	74,366	5,000
Other Grant Income	15,000		15,000	
Homeland Security Grant	6,800		6,800	
Police Grant Income	2,515		2,515	
FEMA/MEMA Reimbursements	11,702		11,702	11,074
Sale of Fixed Assets	17,500		17,500	
Transfers	63,561		63,561	59,778
TOTAL OTHER RECEIPTS	117,078	74,366	191,444	75,852
TOTAL RECEIPTS	325,683	297,093	622,776	490,868
Cash Balance - Beginning of Year	194,759	86,437	281,196	329,344
TOTAL AMOUNT TO ACCOUNT FOR	\$ 520,442	\$ 383,530	\$ 903,972	\$ 820,212

See Accountant's Report

TOWN OF BLUE MOUNTAIN
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2004

	GOVERNMENTAL FUNDS GENERAL	PROPRIETARY FUNDS ENTERPRISE	TOTALS (MEMORANDUM ONLY)	
			2004	2003
OPERATING DISBURSEMENTS				
General Government	\$ 91,997	\$	\$ 91,997	\$ 80,087
Public Safety:				
Police	44,529		44,529	28,019
Fire	8,818		8,818	9,598
Highways and Streets:				
Repairs & Maintenance	22,461		22,461	42,202
Enterprise:				
Water Utilities		150,411	150,411	169,264
Sanitation		23,461	23,461	23,526
Interest on Bonds and Loans	8,841	10,909	19,750	21,940
TOTAL OPERATING DISBURSEMENTS	176,646	184,781	361,427	374,636
OTHER DISBURSEMENTS:				
Bonds Retired	15,000	14,903	29,903	24,074
Loan Reductions	14,997		14,997	50,003
Transfers	44,742	18,819	63,561	59,778
(Increase)/Decrease in Meter Deposits		(3,200)	(3,200)	50
Investment in Fixed Assets	24,415		24,415	25,475
Grant Expense (CDBG)		68,041	68,041	5,000
TOTAL OTHER DISBURSEMENTS	99,154	98,563	197,717	164,380
TOTAL DISBURSEMENTS	275,800	283,344	559,144	539,016
Cash Balance - End of Year	244,642	100,186	344,828	281,196
TOTAL AMOUNT TO ACCOUNT FOR	\$ 520,442	\$ 383,530	\$ 903,972	\$ 820,212

See Accountant's Report

TOWN OF BLUE MOUNTAIN
SCHEDULE OF LONG-TERM DEBT
 SEPTEMBER 30, 2004

	Balance Outstanding Oct. 1, 2003	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2004
		Additions	Reductions	
Street Repair Loan	\$ 14,997	\$	\$ 14,997	\$
Street Bonds	190,000		15,000	175,000
Water System	98,902		9,528	89,374
Water System - Addition	24,916		2,794	22,122
Water and Sewer System	75,849		2,581	73,268
Total	<u>\$ 404,664</u>	<u>\$</u>	<u>\$ 44,900</u>	<u>\$ 359,764</u>
Assessed Valuation				<u>1,887,123</u>
Population per Latest Census				<u>670</u>

TOWN OF BLUE MOUNTAIN
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
 SEPTEMBER 30, 2004

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Edward Burge	Mayor	USF&G	\$ 100,000
Bonnie Orman	Town Clerk	USF&G	50,000
William Vick	Police Chief	USF&G	25,000
Tommy Hopkins	Water Supt.	USF&G	25,000
Tommy Hopkins	Deputy Clerk	USF&G	50,000
Ricky Griffin	Police Officer	USF&G	25,000
Pete Crum	Police Officer	USF&G	25,000
Jo Ann Yale	Bookkeeper	USF&G	25,000

TOWN OF BLUE MOUNTAIN
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS
SEPTEMBER 30, 2004

GENERAL FUND:

Common Town Fund:

1.25% Certificate of Deposit, dated April 17, 2004,
maturing on April 17, 2005 \$ 16,759

Fire Protection Fund:

1.0% Certificate of Deposit, dated October 25, 2003,
maturing on October 25, 2004 5,341

PROPRIETARY FUNDS:

Water and Sewer Revenue Fund - Required Reserves:

1.0% Certificate of Deposit, dated October 25, 2003,
maturing on October 25, 2004 8,897

1.6% Certificate of Deposit, dated September 11, 2004,
maturing on September 11, 2005 33,303

TOTAL INVESTMENTS

\$ 64,300